

Protecting Your Money from Theft

Protect Your Money From Theft By Dishonest Investment Advisers

With more people in charge of their investment portfolios than ever before, investors are warned of the increasing sophistication of investment advisers who steal money from unsuspecting clients. Victims include everyone from the retired couple next door, to the hot-shot young executive hoping to make a fast buck, to the doctor and his country-club friends.

Although most investment advisers are honest, those who aren't, see the burgeoning field of financial advice as a great way to line their own pockets. The danger is compounded by the average investor's desire for maximum return, the concern of retirees worried about outliving their savings, the increase in investment opportunities and the growing number of individuals holding themselves out as qualified investment advisers nationwide.

Here's What You Can Do To Protect Yourself

1. Investigate the investment adviser and salesperson thoroughly. First, call the Securities Department in the State Auditor's Office to find out if he or she is properly licensed to provide investment advice. If the individual is licensed as a stockbroker, background information will be available through the Securities Department from the Central Registration Depository (CRD) - a computerized reference system operated jointly by the North American Securities Administrators Association (NASAA) and the National Association of Securities Dealers (NASD).

2. Is the investment opportunity registered for sale in the state in which you live? Call the State Auditor's Office to find out. All investment opportunities must be registered or exempt. If one being recommended to you isn't registered or exempt, consider it a red warning flag to investigate further. Ask for written "disclosure" information. Review it carefully and make sure that you understand all of the risks involved. If you have questions, ask, and keep asking until you get an answer you understand. If you're pressured by a investment adviser to make a hasty decision, just say "no." After all, it is your money.

3. Always stay in charge of your money. Protect your nest egg. If the world of investments baffles you, carve out time to educate yourself. Once you've made an investment, carefully review your account statement. Make sure you know where your money is being held. Generally, you should receive account statements from the custodian of the securities as well as from your investment adviser. Confirm that all transactions are ones you've authorized.

4. Remember that con artists usually are extremely polite. Here's how you will probably be approached: A successful swindler will deliver a professional-sounding sales pitch that makes the flimsiest investment deal sound as safe as putting money in the bank. He or she will be extremely polite, dress in expensive clothes and may work out of impressive offices with prestigious addresses. Many troll for prospects at houses of worship, country clubs or senior centers. Others lull investors into complacency by first providing a sound financial service, then moving in for the kill. Before turning over any of your hard-earned money, call the Montana Securities Department in the State Auditor's Office to check out the salesperson.

5. Keep greed in check. If the return on an investment sounds too good to be true, it probably is. A legitimate adviser should ask about and understand your financial needs and goals, as well as the level of risk you are comfortable with, before suggesting a "suitable investment." Don't allow the promise of inflated returns to cloud your judgment. Many people secretly believe that a rags-to-riches story can become a reality for them - if only they get the right break. Con artists play upon the dreamer in all of us. Don't let them sabotage your dreams.

6. Keep notes about phone conversations and meetings. It's important to keep a record of conversations and meetings between you and your investment adviser. Con artists operate in an atmosphere of trust that persuades people there is no need to keep careful records. Don't be fooled! Be sure to write down the date, time and place of the call or meeting. By keeping careful notes, you won't have to rely upon your memory if your adviser tells you something down the road that doesn't seem right. If a lawsuit or dispute does occur, careful notes will set the record straight.

Buyer Beware!

More Americans than ever are finding themselves in charge of their financial investments, whether due to a self-directed retirement plan, an inheritance, saving for a child's education or other reasons. Handling those investments are some of the most important decisions anyone can make. Although the vast majority of financial advisers are trustworthy, be on the lookout for those that are not. Being an investor requires education and attentiveness. Start asking questions before it's too late.

For More Information

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